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## **Bureau of Economic Analysis Seeks to Further Improve Accuracy and Timeliness of Economic Statistics**

President Bush's FY 2004 budget for the Bureau of Economic Analysis (BEA) will enhance and accelerate key economic indicators that guide decision makers at all levels. These improvements to gross domestic product (GDP) and the U.S. balance of payments will make them more accurate and reliable, especially during economic downturns.

Commerce Secretary Don Evans said, "President Bush and I firmly believe we must transform our economic indicators from ones that measure the economic structure of the past to ones that are forward looking. We need a statistical system that anticipates structural changes in our dynamic economy so it can provide the most accurate, timely and up-to-date information for policymakers in Washington and business leaders the country."

The FY 2004 budget includes funds for the development and use of real-time data, such as information gathered by scanners at checkout counters in retail stores. These data provide an early picture of the economy that are not otherwise revealed until months or years later, at the time of annual or benchmark revisions. Use of such real-time data will improve the accuracy of BEA's early estimates of GDP.

"It is particularly important to keep economic measures up-to-date during periods of economic uncertainty," Kathleen B. Cooper, Commerce Under Secretary for Economic Affairs, said. "BEA economic accounts are at the center of public attention about the state of the economy, fiscal and monetary policymaking, and day-to-day business decision-making. The quality of the information BEA produces affects the lives of all Americans."

BEA Director J. Steven Landefeld illustrated the value of real-time data by pointing to BEA's 2002 annual revisions of GDP, which incorporated a new method for estimating brokerage receipts using a mix of public and private real-time data that better captured changes in pricing practices. "This more up-to-date information showed a much weaker financial industry than we could measure with existing data sources. It showed a economic downturn in 2002 that started earlier and lasted longer than we had initially estimated. With this and other real-time data, we should be able to provide decision makers with more accurate information on the state of the economy at the time when it is relevant rather than after the fact."

Funds for improving some of BEA's international measures also are included in the President's FY 2004 budget request for BEA. BEA will develop a quarterly survey of services to improve the

accuracy of the estimates of large, growing, and volatile components of international trade, such as insurance, telecommunications, and other services. BEA also will work with the Federal Reserve Board and the Treasury to develop estimates of U.S. international assets and liabilities in derivatives and other financial instruments not measured in the U.S. Balance of Payments. According to BEA Director Landefeld, "It seems untenable for the United States to be virtually the only major developed country in the world that does not produce estimates of such now common instruments as derivatives. This kind of information is essential to alert the U.S. to its exposure to foreign financial crises."

These and other initiatives -- including those making BEA's national, international, industry, and regional accounts data available on an expedited schedule -- build upon the Administration's FY 2002 and 2003 budget initiatives at BEA and the Census Bureau.

The President's FY 2004 budget request for BEA is \$78.292 million. Funds were requested for the following initiatives:

C	Real-time data initiative	\$1.6 million,
C	Program extensions	\$3.8 million
	– More timely data initiative	
	– International data initiative	

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